

## Education and Workforce Development Cabinet

# Kentucky's jobless rate increases in December

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**Editor's Note:** Preliminary December and revised November labor market information are included in this release.

Kentucky's seasonally adjusted preliminary unemployment rate for December 2008 rose to 7.8 percent from November 2008's revised 7 percent, marking the highest rate in more than 20 years, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. The December 2008 unemployment rate is 2.5 percentage points higher than the 5.3 percent rate recorded in December 2007.

The U.S. seasonally adjusted jobless rate increased from 6.8 percent in November 2008 to 7.2 percent in December 2008, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

"The Kentucky economy, weighed down by the housing crisis, tighter credit, manufacturing cutbacks, and anemic consumer spending, suffered its highest unemployment rate since May 1988. Non-farm employment plummeted by 15,800 positions amid weakness in the construction, manufacturing, retail trade, and administrative and support industries," said Justine Detzel, OET chief labor market analyst.

Three of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported employment

increases in December 2008, while eight decreased, according to OET. A decline of 15,800 jobs in December 2008 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,843,200. Since December 2007, Kentucky's nonfarm employment has dropped by 36,800.

"This marks the fourth month in a row of year-over-year employment decreases and the largest year-over-year drop in the number of jobs since December 2001," said Detzel.

According to the seasonally adjusted employment data, the government sector, which includes public education, public administration agencies and state-owned hospitals, gained 1,200 positions in December 2008. The sector has added 10,000 jobs since December 2007.

"A portion of the job gains from November 2008 to December 2008 is attributed to hiring in the federal government subsector and a base realignment," Detzel said.

The state's educational and health services sector grew by 800 jobs in December 2008. Since last December, the number of jobs in this sector has risen by 500 jobs. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

"These employment gains are concentrated in health care and social assistance businesses, reflecting multiple home health agency openings," Detzel said.

Kentucky's leisure and hospitality sector reported an employment gain of 500 jobs in December 2008. Since December 2007, employment in the sector has declined by 3,300 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services and drinking places industries.

"The year-over-year employment losses in accommodation and food services businesses are indicative of a hotel closing, four beverage services companies closing and numerous restaurants going out of business," Detzel said.

The construction sector recorded 5,500 fewer positions in December 2008. Since December 2007, employment in the construction sector has plummeted by 10,600 positions.

"This is the sixth consecutive month of employment declines in construction, reflecting weakness in heavy and civil engineering, and specialty trade contractors. Debility in the housing market, financial difficulties halting construction projects and the closing of a residential construction firm contributed to the contraction in this sector," Detzel said.

The manufacturing sector lost 4,400 jobs in December 2008. Compared to December 2007, jobs in the sector were down by 15,900 in December 2008.

"The durable goods subsector accounted for the majority of the job decline in December 2008 particularly industries associated with automobiles. The woes of the automobile industry are reverberating through Kentucky's economy with shock waves felt by employers, automobile parts suppliers and non-manufacturing enterprises such as railroads and trucking companies faced with a reduction of cargo," said Detzel.

"While most of the over-the-year job decreases were seen in the durable goods subsector, the losses are being felt across the board from the automobile-related industries to nondurable goods such as clothing. Nearly all manufacturers are being hit by a constricting economy."

The number of jobs in the professional and business services sector plunged by 4,200 in December 2008. This area had 9,600 fewer employees in December 2008 than in December 2007. The professional and business services sector includes professional, scientific and technical services, management of companies and administrative and support management, including temporary help agencies.

"The lion's share of these job losses occurred in administrative and support management businesses, signaling weakness in the employment services industry. Movement in the temporary help

industry is a good indicator of what is occurring across the labor market. Since the beginning of 2008, there has been a dramatic drop in demand for temporary help services, indicating pessimism in the business community," Detzel said.

Kentucky's trade, transportation and utilities sector fell by 3,000 jobs in December 2008. This area includes retail and wholesale trade, transportation and warehousing businesses and utilities. It is the largest sector in Kentucky with 385,900 employees. Since December 2007, the number of jobs in this sector has plummeted by 4,000.

"Retail trade businesses accounted for the majority of the decline in jobs in December 2008, a sign of multiple store closings and layoffs at other merchants. Consumers are curtailing non-essential purchases in an effort to make ends meet," Detzel said.

The number of jobs in the financial activities sector dropped by 500 positions in December 2008. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has lost 2,300 positions over the past 12 months.

"These employment losses are concentrated in the real estate and rental and leasing industry reflecting layoffs at a real estate company and the housing market slump," Detzel said.

The state's other services sector, which includes such establishments as repair and maintenance businesses, personal and laundry services, religious organizations and civic and professional organizations, fell by 300 jobs in December 2008. This sector had 1,600 fewer jobs in December 2008 than in December 2007.

The information sector dropped by 200 jobs in December 2008. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has lost 1,200 positions since December 2007.

"This is the third consecutive month of job losses and the eighth time this year there has been a decline in the number of information positions. These job losses reflect layoffs at a major newspaper and another newspaper ceasing publication," Detzel said.

The number of positions in the natural resources and mining sector fell by 200 in December 2008. The sector has added 1,200 jobs since December 2007 because of hiring in the coal mining industry.

The U.S. Bureau of Labor Statistics' monthly estimate of the number of employed Kentuckians for December 2008 was 1,889,534 on a seasonally adjusted basis. This figure is down 6,584 from the 1,896,118 employed in November 2008, and down 46,442 from the 1,935,976 employed in December 2007.

The monthly estimate of the number of unemployed Kentuckians for December 2008 was 159,844, up 17,652 from the 142,192 Kentuckians unemployed in November 2008, and up 52,128 from the 107,716 unemployed in December 2007.

The monthly estimate of the number of Kentuckians in the civilian labor force for December 2008 was 2,049,378. This figure is up 11,068 from the 2,038,310 recorded in November 2008, and up 5,686 from the 2,043,692 recorded for December 2007.

Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at [www.workforce.ky.gov](http://www.workforce.ky.gov).

A complementary experimental hours and earnings series is available at <http://www.bls.gov/sae/saeaepp.htm>.

